



## **Bureau of Insurance Statement Regarding Maine Community Health Options**

**August 2, 2018**

CHO reported net income of \$1.3 million for the month of June (\$0.2 million more than Plan) and its year to date net income at the end of June was \$17.7 million (\$2.9 million more than Plan). Revenues YTD were \$9.3 million less than Plan and expenses YTD were \$1.4 million lower than projected in the Plan. As of June 30, 2018, the Company's total reported surplus was \$51.3 million, a \$17.6 million (52.1%) increase from December 31, 2017 and a \$1.5 million (3.0%) increase from May 31, 2018.

The Company reported bonds, cash, cash equivalents, and short-term investments in June totaling \$136.1 million, a \$73.4 million increase from the \$62.8 million CHO reported at December 31, 2017 and an increase of 8.9% over the amount reported for May. These assets exceed the Company's accrued liabilities for member and provider-related obligations and the BOI remains comfortable that CHO has the assets to meet its current obligations to members and their health care providers.

CHO had total membership of 52,892 at the end of June (81.1% individual, 16.1% small group, and 2.7% large group). This reflects a 1.2% decrease in total membership from May 31, 2018 but is 1.4% greater than Plan.

The reported percentage of Net Outstanding Claims Inventory (which is the total pending Net Submitted Amount at June 30, 2018) in the 0-30 day period (84.1%) was lower than the figure reported for May 31, 2018 (90.2%). The 0-60 day period inventory (98.9%) was higher than reported for May (97.9%). The BOI is monitoring the aging of the claim inventory on a weekly basis. CHO reports that as of July 25, 2018, the percentage of Net Outstanding Claim Submissions in the 0-30 period was 63.2% and in the 0-60 day period 95.1%. The decrease in the percentage of the net claim submissions during June in the 0-30 day period appears in part due to CHO's recently implemented bill review process obligating providers to submit bill itemization for large claims. The Company reports it is working with providers concerning processes to facilitate the electronic receipt of requested itemized bills, and to reduce the submission lag time that is impacting the aging profile. The BOI is closely following the implementation of the bill review process.

CHO's June 30, 2018 financial statements do not reflect the \$10.1 million of net Risk Adjustment receivable for the 2017 benefit year as reported by CMS in its July 9, 2018 release.

CHO's reported net income for June reflects a conservative approach to claim reserving which is appropriate in light of the Company's results in the later portions of prior years. This includes the recording of a policy reserve which estimates negative claim experience expected in the latter half of the year as members satisfy deductibles and other cost-sharing thresholds.